Feasibility Study of the Development of the African Continental Free Trade Area (AfCFTA): Prospective Implications on its Global Competitiveness

By

CONSELHO, Stella Marinela Joao

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I. Abstract

The potential establishment on an African Continental Free Trade Area (AfCFTA), in the near future, is attracting significant attention at the regional as well as global level given the contributions it stands to make. Hence, this study has three major purposes: 1) to investigate the African Union's organizational structure to determine its capabilities to accommodate this initiative; 2) to investigate alternative channels for sustainable economic growth alongside global competitiveness and lastly 3) demonstrate the relationship between trade and peace as a mechanism to guarantee peace within the continent. Data for this research were obtained through secondary literature provided by scholars, international organizations and local government's database. In light of this research's results, it can be concluded that significant work still needs to be attained at a national and regional level in order to successfully integrate member states into one continental free trade agreement.

II. Introduction & Research Questions

Although research on the AfCFTA is still at its early stage, considerable public interest has emerged, since its early discussions in 2010 during the meeting held in Kigali, Rwanda. Hence, scholars such as Tuluy (2016) have made significant contributions to the topic on regional trade within the continent highlighting some of the challenges which have led to lower-levels of intra-African trade and integration. Therefore, at the outset, it is imperative to clarify what we mean when we refer to the 'AfCFTA' and the objectives of this initiative.

The decision to create the AfCFTA was due to the aspiration of establishing one single continental market for goods and services tentatively harboring all 55 member States of the African continent. In terms of size—specifically number of participating countries—this creation would become the world's largest free trade area, following the formation of the World Trade Organization. Furthermore, in terms of market size, the AfCFTA has the potential to cover a market of approximately 1.2 billion people thus benefiting from a gross domestic product (GDP) of $2.5 trillion, according to the estimates provided by African Trade Policy Center (2018). Not only will this agreement facilitate free movement of business, persons and investment, but also potentially enhance intra-African trade by 52.3 percent. As of March 2018, 44 States signed the agreement which has the potential to boost industrialization in Africa.

Beyond some sovereign state's willingness and aspiration for a unified continental free trade area, research conducted by researchers such as Venables (2003) and Arvis, Duval, Shepherd, Utoktham, & Raj (2016) suggest that numerous trade factors as well as social constraints, among others, require strategic planning and consideration to successfully attain a higher level of integration whilst reaping greater benefits from trade. According to the African Union Commission (2015) report, integrative 'criss-cross' continental infrastructures, unity, peace, independence, and self-reliance, are necessary tools in attaining a politically united and integrated continent, built on the principles of Pan-Africanism and the vision of Africa's Renaissance. Although this aspiration, listed under the 'Agenda 2063, The African We Want', can be regarded as a core precondition towards building and sustaining a trade agreement of this magnitude, scholars such as Hadjiyiannis, Heracleous, & Tabakis (2016) have also studied the relationship of peace attainment through trade. An important variable to consider within this context given the continents long history of conflict and ethnic segregation.

According to Tuluy (2016) “despite the promise of significant potential gains that regional economic integration holds for Africa, and the high-level declarations of commitment to further the regional integration agenda over multiple decades, Africa clearly has not made as much progress toward integration as it wished and as it could” (p. 88). Therefore, Tuluy (2016) claims that there are three sets of obstacles to consider in attempting to successfully solve regional economic integration: “hard” physical infrastructure, “soft” infrastructure and historical regional integration. Building on this argument, Barnekow & Kulkarni (2017) argue that the current infrastructure in Africa is designed in such a way that indicates an inclination towards extraction instead of integration, in which railways deviate from between borders to coast. This becomes a matter of concern mainly because, it has been hinted that in order to gain from deeper regional economic integration, significant work still needs to be done to ameliorate the conditions for trade in which goods are not only exiting the continent but are also circulating within African borders.

However, to-date, existing scholarship does not consider respective remedies as to how African leaders can overcome these and other constraints through policy regulations under the AfCFTA which favors continental agreements over current multiple and overlapping regional trade agreements. Given that the number of parties involved is relatively large, there are further challenges in accommodating them all into one free trade agreement, and also the implications of this initiative will inevitably have varying repercussions on each nation according to their respective level of development. Soumaila (2017) argues that; increased investment does not necessarily translate into economic growth. Moreover, Soumaila (2017) observed trends in the West African Economic and Monetary Union (WAEMU) area, concluding that “despite this significant increase in the rate of investment, economic growth in the region was on average around 3.6% between 2002 and 2012. Even within the WAEMU region, countries that have a higher investment rate do not necessarily have the highest growth rate. Indeed, the highest growth rate was observed in Burkina (6%), which has only invested 22% of GDP during the period" (p.50), compared to other states within the argued agreement, which reflect higher investment percentage. However, it is prudent that we also compare this progress with other countries which are not part of the WAEMU, to highlight how despite similar economic structures, Rwanda, for example, recorded an 8% growth rate having made similar investments, during the same period. Therein, Soumaila (2017) argument emphasizes how "WAEMU countries are lagging some African countries with similar economic structure" (p.50).

Hence, findings of this study will contribute to the debate on how to proceed with structuring the organization's body including, implementation of laws and regulations and boosting economic growth for the African continent. To conclude, this paper will also draw attention to how this AfCFTA can be utilized as a means to attain the longdesired state of peace within the continent.

Therefore, the aim of this research is to primarily study the feasibility of effectively integrating the 44 African nations —which have so-far signed this agreement as of March 2018—, into one continental trade agreement by referring to the European Union's structural composition as a template. Furthermore, this research will attempt to identify key strategies that can assist in boosting and enhancing the continent's intra and global trade participation thereby leading to potential economic growth.

As a result, this paper is divided into four major sections. First, the literature review which will provide an overview of the current debate, followed by section two which addresses the feasibility and potential avenues for deeper economic integration and strategies to accelerate economic growth in the region. Next, in section three the focus will be directed to the hypothesis on how trade promotes peace by applying it in the context of the AfCFTA agreement. Lastly, this paper will attempt to propose some recommendation to be considered at the local as well as regional level encompassing hard infrastructure, soft infrastructure and historical regional history. Therefore, the following research questions will guide this study:

a) What are the fundamental policies to be considered to effectively integrate these nations, into one continental free trade agreement, and to what extent can the African Union regulate these policies?

b) What are the key strategizes to accelerate economic growth and global engagement through this initiative?

III. Literature Review

As far as the secondary literature and this study is concerned, the term feasibility study is used to assess the practicality of a proposed method or plan. Therefore, within the context of the development of the AfCFTA, the focus is directed to factors such, as economic, legal, technological and timeframe elements which will measure the practicality of successfully establishing this continental free trade zone. Hence, attention has been drawn to promoting continental integration, intra-Africa trade and economic growth, for the current 44 member states of the agreement, which has also been applied to build the framework of this study. Therein, for the sake of brevity, it is imperative to clarify the three key terminologies referred to in this research paper, built on previous research conducted by Tuluy, (2016) namely hard infrastructure, soft infrastructure, and historical regional integration.

Tuluy (2016) defined "hard infrastructure as physical infrastructure in both density and quality" (p.341). Among others, this refers to physical networks ranging from road systems to transportation line and their maintenance. Whereas, soft infrastructures refer to all forms of institutions, such as, financial institutions, customs clearance services government systems and etc. which are necessary to sustain a nation's economy. Lastly, the concept of historical regional integration is two-fold in which it primarily casts light on the trends and contributions towards growth generated from regional trade agreements (RTAs) within the respective regional economic communities (RECs). Second, this paper elaborated further to provide a new framework for understanding trade patterns through RTAs of the African continent in connection with its colonial background, in attempt to provide new a rationale behind shifting towards a continental agreement and its possible ramifications on present international agreements. This paper will now turn to provide a brief overview of the history of the continent to the establishment of the African Union and one of the core objectives also behind the formation of the AfCFTA.

During the late 19th century, Africa being not only the world's most populous continent but also the second largest continent, was predominantly colonized by several European countries up until decolonization around the 20th century. For some of these nations in Africa, majority of the French colonies with exceptions to Algeria and Madagascar, independence came relatively peacefully compared to Portuguese colonies (Angola, Guinea Bissau and Mozambique). For these Portuguese colonies, independence was dragged out during 'The Portuguese Colonial War 1961-1974', resulting in major casualties and at least a million exiles. According to an article published on Guerra Colonial in 2009 (cited in Figueiredo, Valentim, Licata, & Doosje, 2013) "until 1973, it is estimated that around 87,274 Portuguese individuals were recruited and around 8000 Portuguese men died in the conflict" (p.77). At this point, it is also imperative to highlight that during the struggle for independence, a lot of the built infrastructure was destroyed and many institutions were left in mal governing state. Consequently, favoring continuous extraction, corruption and limited potential growth for these nations. In former French colonies, ties of dependency and colonial structures are still very much present within their institutions, for example the CFA franc currency. In short, the CFA franc is used in West and Central Africa and managed by the French treasury.

In 1999, Heads of State and Government of the Organization of African Unity passed a declaration pushing for the establishment the African Union which took form in 2001. One of the main objectives among others, was to promote unity and solidarity among African States whilst eliminating the lingering vestiges of colonization and apartheid. To-date, the African continent harbors 55 sovereign states recognized by the African Union (AU), and United Nations (UN) which majority of the boarders were demarked during the European colonial period.

In recent years, multiple researchers such as Arvis, Duval, Shepherd, & Utoktham, (2012); and Sindzingre (2016) have placed significant weight on the importance of infrastructure as a means to attain integration and subsequently economic growth for the African continent. In accordance, Bond (2016) makes a sound argument in which he asserts that, "overall the African continent is by all measures the least endowed region of the developing world in infrastructure stocks, even compared to low-middle-income countries in other regions" (Bond, 2016, p.309). This becomes reasons for concern because, considering the size and market of AfCFTA, unless well-developed infrastructure are amended, connectivity between suppliers and the markets will face significant obstacles. Challenges in enhancing intra-African trade could have further implications in boosting economic growth. Subsequently, countries will continue to trade heavily within the international spheres further neglecting regional economic integration. From a cost-benefit perspective, overseas trading is considered relatively more economical and cheaper for exporting countries than through land-trade; especially when the hard and soft infrastructures are under-developed, causing less incentives for intra-African trade. In fact, Arvis et al. (2012) argue that the region of Sub-Saharan Africa (SSA), ranks remarkably high in the world in terms of trade and transportation costs due to poor infrastructure and the high transaction costs.

Contrary, Barnekow & Kulkarni (2017) argue that, "even the infrastructure in African states is designed for extraction rather than integration. While many African countries have railroads that are fully capable of transporting goods, they run from the interior to the coast rather than between borders" (p.105). However, contrary to the detailed recommendations provided by Bond (2016) on how to improve the infrastructure facilities, Barnekow & Kulkarni (2017) failed to provide a comprehensive framework by which to address this matter. Similarly, Bond (2016) and Barnekow & Kulkarni (2017) do not consider the adoption of recommendations and avenues by which the AfCFTA can work towards overcoming this challenge of poor infrastructure to yield greater rewards from the agreement.

The 'Economic Geography' theory presents a different rationalization on trade incentive by underscoring the causal-relation between distance and trade. In its broader sense, in order to interpret economic activities in the global sphere, economic geography focuses on location, distribution and spatial organization. Hence, within international trade theorization, the assumption is that the closer nations are, the higher the chances for trade. On the surface, this assumption however, seems to neglect the potential influences of other variables if not controlled, such as poor infrastructure. In more concrete terms, Overman, Redding, & Venables (2008) state that “most trade is with countries that are close, and in goods with low transport costs” (p.8)”. Limão & Venables (2001) adopt a similar agreement stating that “sharing a common border substantially reduces transport costs, and overland distance is around 7 times more expensive than sea distance” (cited in Overman et al. 2008, p.9). Both arguments, offer a compelling framework for conceptualizing the importance of other indicators, apart from distance, which are determinant for trade, such as costs associated with the form of trading. Additionally, Limão & Venables (2001) raise an intriguing question as to which other variables, apart from poor infrastructure, contribute to high overland trading costs.

Having discussed the significance of hard infrastructure, it is necessary to throw light on the topic of soft infrastructure. Specifically highlighting secondary literature onRTAs) and regional economic communities (REC)s in order to understand the entanglement which hinders the effectiveness of soft infrastructures. Following the establishment of the African Union, in further attempts to facilitate and promote continental unity after colonization, RTAs particularly in sub-Saharan Africa, were formed. Currently, as pointed out by United Nations Conference on Trade and Development (UNCTAD) (2015) “of the 18 extant preferential trade agreements (PTAs) in the continent, the African Union recognizes eight RECs as ‘building blocks’ for the African Economic Community (AEC)” (p.5).

The eight RECs recognized by the AU are as following: Arab Maghred Union (AMU), Common Market for Eastern and Southern Africa (COMESA), Community of Sahara-Sahel States (CEN-SAD), East African Community (EAC), Economic Community of Central African States (ECCAS), Intergovernmental Authority on Development (IGAD), Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC). Consequently, overlapping memberships, in the sense of multiple RTAs memberships by single states, is a direct result of the various regional economic communities.

Although these RECs generally serve the function of facilitating regional economic integration between member states, they vary in terms of roles and structures precisely regarding policies and agreements concerning trade regulations and tariffs within these varies regions. For example, as Barnekow & Kulkarni (2017) explain, in theory, both ECOWAS and SADC are considered RTAs, however, ECOWAS is based on preferential trade agreement whereas, SADC is a free-trade agreement. “This means that while ECOWAS countries have lower tariffs for member countries, there are still tariffs. SADC, on the other hand, has no tariffs between any member countries on goods (does not include services)” (Barnekow & Kulkarni, 2017, pp.109-110). This explanation casts light on a pre-existing problem in which the various diverse and largely uncoordinated paths taken by these RECs led to unmet deadlines in trade liberalizations. Thus, impeding the potential success and growth of regional trade agreements in these particular developing nations.

Furthermore, Kimunguyi (2006) presents a persuasive point brought by these RTAs that could potentially justify the timeliness in transitioning from RTAs to the proposed AfCFTA. Kimunguyi (2006) claims that overlapping memberships, particularly for Eastern and Southern African (ESA) countries, causes a significant challenge in which RTAs begin to discourage rather than enhance trade liberalization. As a result, “RTAs have not increased trade, attracted foreign direct investment (FDI), achieved convergence nor facilitated economic growth” (Kimunguyi, 2006, p.13). Although the AU Commission tasked with the formation of the AfCFTA, is still at its infant stages in determining the fate and role of these RECs, consolidating member states into one free trade zone could potentially help eliminate this problem. Provided that accurate policies and individual government responsibilities are explicitly formulated and reinforced. This, in turn, has the potential to promote intra-African trade by 52.3 percent as aspired by African Union.

In line with the arguably low performance and outcomes of the RECs, Tuluy (2016) provides some compelling statistics comparing intra-African trade to other global-regional trade agreements. Precisely, based on data collected through the UNCTAD in 2016, Tuluy (2016) translates that “intra-REC trade, on average has been only 8.2 percent of RECs total trade value. This drops to merely 6.7 percent when SADC —the best performer with intra-REC trade at 19.1 percent of total trade value—is removed. The vast majority of RECs trade is with the rest of the world, on average, 83.9 percent of total trade value" (pp.346–347).

Furthermore, Africa's low intra-continental trade performance is highly alarming when compared to other RTA blacks. Between 2005–2014, intra-African trade ranked significantly low, at approximately, 11–15 percent of the total global trade flows. Whereas, the European Union and the North American Free Trade Agreement (NAFTA) registered an approximate 45–50 percent and Asia 59–62 percent. From this, speculations can be drawn that perhaps the new dynamics of the AfCFTA and possible restructuring of the multiple RECs have the potential to positively invert the current figures. Especially if proper considerations are made in regards to comparative advantage. According to Venables (2003) the 'natural' trade relation, under the comparative advantage theory, is disruptive by RTAs. In more concrete terms, in analyzing regional trading blocs' trends, two aspects become clear. First, generally, countries within the same regional bloc possess similar trading goods which in turn usually results in fewer incentives to trade due to the lack of diversified goods. Moving on, incentives have the potential to diminish even further due to the possible existence of one dominate economy which might have more influence over other members of the bloc in regards to the terms of trade. (Trebilcock & Howse, 2005). Therefore, Venables (2003) argues that RTA blocs have the potential to inadequately advantage or disadvantage the economy with 'extreme' or 'average' comparative advantage, which further distorts market prices.

In contrast, scholars such as Barton, Goldsteing, Josling, & Steinberg (2005); Freund & Ornelas, (2010) imply that RTAs have actually contributed to the emergence of open international trade regime which subsequently benefited developing countries. The rationale behind this theorization is based on previous trends, in which regional trade negotiations has not only fueled trade liberalization but have also been the solution to deadlock situations arising from multilateral negotiations. This claim underscores the importance for the AfCFTA to develop proper mechanisms to avoid deadlock scenarios such as the one currently experienced by the global community since 2003 under the World Trade Organization (WTO) Doha-Round negotiations.

Despite the comprehensive explanation on the differing trade policies applied in the varies RECs in Africa, Barnekow & Kulkarni (2017) do not fully address the aftermath of the all-encompassing establishment of the AfCFTA. Precisely concerning individual state's international agreements such as, the economic partnership agreements with the European Union or African nation's commitment to the WTO. On the other hand, Barnekow & Kulkarni (2017) do raise an important issue regarding colonial ties, which may be understood under the dependency theory. Hence, having addressed the issues of hard and soft infrastructures in the previous segments, this paper will now engage the last concept on the historical regional integration.

According to Barnekow & Kulkarni (2017) "trade in Africa tends to remain closely aligned to colonial powers. France, in particular, has made a strong effort to maintain close bonds with its former African colonies" (p.105). Although we can only speculate on the explicit reasons behind the French interest in maintaining strong ties with its former colonies, Barnekow & Kulkarni (2017) hint that it might be related to the colonial legacy centered on extraction of natural resources.

As pointed out and supported by Asiedu (2018) "colonialism in Africa brought into existence a scenario where neighbors withdrew from trading with each other and instead traded between European countries and the United States" (p.5). Acknowledging the close relationship structure which prevailed past colonialism and hinting at possible challenges the formation of the AfCFTA will likely have to consider when outlining its body, Canac & Garcia-Contreras (2011) present a compelling argument. Highlighting how, to-date, French representatives are still stationed in some African states in order to maintain institutional ties between former colonies and France. "Moreover, the maintenance of the operations accounts at the French Treasury reinforces the dependence of the CFA franc zone on France. As France manages the foreign exchange reserves of its former colonies, the credibility of the CFA peg is enhanced" (Canac & Garcia-Contreras, 2011, p.57).

To-date, extensive research focusing on the African continent in regards to trade and economic growth have addressed the issue of poor infrastructure and low performance in intra-African Trade. As a result, it has been speculated that the delayed economic growth in the African continent is perhaps directly linked to these obstacles, such as poor hard and soft infrastructure and its historical regional integration.

On the other hand, one major problem challenging integration within the continent, which cannot be denied, stems from the prevalent regional conflict which several institutions, such as, the African Union have been trying to tackle for generations with limited success as underscored by Tuluy (2016). Pan-Africanism dating back to mid-19th century, is a concept which sheds light on the initial attempts. Initially, Pan-Africanist originated in the United States, a movement led by African Americans promoting the union between Africans and African-Americans. To-date, since 'The Pan-African Congress Movement', Pan-Africanism is oriented towards equality and strengthened ties of solidarity among African descendants.

Although the aforementioned researchers have provided a comprehensive background and conceptual understanding of the current situation, and rationalized on the effectiveness of currently applied trade agreement institutions, there is still room for future research. So-far, recent research has not adopted the role nor significance of the establishment of the AfCFTA and the potential ramifications it will inevitably have, challenging the current status quo. Given the limited literature on this timely topic, the following sections of this study have focused primarily on analyzing and providing recommendations which attempt to contribute to the feasibility of establishing the AfCFTA. Based on the significance attributed by previous research, this study has centered on promoting hard, soft infrastructure, and historical regional integration to attain continental integration, intra-African trade and economic growth. Therefore, for the sake of brevity, it is not within the scope of this research to consider other factors such as political and ethnic integration of the African continent through this free trade agreement. Instead, this research concludes by building on previous studies on peace creation through trade as an end result of this AfCFTA initiative.

IV. Methodology:

In the absence of the actual feasibility study conducted by the African Union, and given the early stages of this agreement, this paper attempted to address its research questions by utilizing a qualitative methodology approach. In order to do so, this paper has relied heavily on secondary literature to provide a better understanding of the current situation within the African continent in relation to its initiative of integrating nations into one continental agreement. In addition, given its long historical colonial influence from several Europe nations, as well as the similarities in regional institutions, the EU structure has been referenced as a benchmark in comparing both organization's structures.

Lastly, in order to provide a comprehensive understanding of the economic structure of the participating member-states, this paper referenced the Product Space constellation constructed by Simoes & Hidalgo (2011).

V. Findings

1. AU's Structural Reforms to Accommodate the AfCFTA

Since the declaration of 1999, passed by Heads of State and the Government of the Organization of African Unity, the formation for the African Union was initially entrusted to accelerate continental integration. Simultaneously it was expected to tackle compounded political, multifaceted social and economic challenges stemming from negative lingering vestiges of globalization, alongside the continent's colonial history which includes the era of apartheid. Respectively, now with the establishment of the AfCFTA, the AU not only continues to stand at the center of the execution process, but now also as the main pillar of this initiative.

Currently, after the AU's structural reform of 2017, at the top of the chain of command rests the Supervising Heads of States, holding full power over decision-making, followed by the African Union Commission (AUC) Chairperson. At the bottom of the chain, holding no decision power, rest the remaining entities namely; Subject Matter Experts/ Technical Assistance, Reforms Implementation Unit, and Resources from AUC & Other Organs. In total, the AU consists of eleven organs responsible for the operations of the AU.

The Supervising Heads of States constitute the 'Assembly of the African Union' represented by all Member States. The sole purpose of the Supervising Heads of States is to guarantee accelerated political along with socioeconomic integration by setting AU's policies, priorities, and annual program. The annual program focuses on guaranteeing that agreed upon policies and decisions are being implemented and monitored. All decisions as well as operations of the AU, not only limited to the Assembly, should follow the rules and regulations detailed in the Constitutional Act of the African Union. Hence, Supervising Heads of States are obliged to meet at least once a year in which decisions are made on the bases of consensus or two-thirds majority of Member States Union. Although, not all members of the Union must be present during any given meeting, at least two-thirds need to be present in order to meet the required quorum. In short, the Assembly sits at the center of all the decisions, policies and structures which are taken under the AU. Additionally, it has the authority to delegate and reallocate power to the other entities of the Union for execution purposes. However, it is important to stress the fact that although the Assembly of the AU is structured to be representative of all member states, routinely, a President. Tasked with the responsibility of supervising reform implementations and providing corresponding updates to the Assembly in collaboration with the current and former AU Chairpersons.

The Chairperson of the AUC, also known as the Chief Executive Officer, not only is the legal representative of the AU but also the Chief Accounting Officer who responds directly to the Supervising Heads States. Precisely, the Chief Execute Officer sees to it that the agenda formulated by the Assembly is met. Hence, during the course of the mandate, the AUC Chairperson is entrusted to management the

Executive Council composed by Ministers of Foreign Affairs or Authorities of Member States. Unlike the Assembly, the council convenes twice a year however, decisions are also taken on the basis of consensus or two-third majority and a two-third quorum is also preconditioned to undertake meetings. In accordance to the Constitutional Act of the AU, throughout the course of the meetings, the Executive Council is expected to coordinate and settle on policies regarding a range of interests represented by the Member States. These interests could range from foreign trade policies to science and technological advancements. Structural wise, the Deputy Chairperson is elected to assist the AUC Chairperson throughout the execution process. In the absence of the AUC Chairperson, it is under the responsibility of the Deputy Chairperson to take the lead. Together with the elected eight commissioners, chosen by regional consideration, the Executive Council is able to proceed with policy implementations. For attempted equal representation, the Commission Statutes mandates that all regions are represented by two commissioners within the committee, one of which should be female. However, home-regions to the Chairperson and Deputy Chairperson are only allowed one additional commissioner representative. Then according to the assigned portfolio, the commissioners constitute the AU's eight commission boards which include, Peace and Security, Political Affairs, Infrastructure and Energy, Social Affairs, Trade and Industry, Rural Economy and Agriculture, Human Resources, Science and Technology, and Economic Affairs.

Although the Pan-African Parliament (PAP) seems to be disconnected from the AU structure and its organs, during the 2014 June Summit, a Protocol to the Constitutive Act of the African Union on the Pan-African Parliament was adopted by the AU Assembly. In addition, the Executive Council agreed that although the PAP may propose its own agenda on any given subjects and areas it still needs to submit these Model Law drafts to the Assembly for consideration as well as approval. Technically, though the PAP seems to operate as a single entity, it can still be inferred that final decisions regarding its operations is dependent on the approval of AU Assembly.

Contrary to the AU, the organizational structure of the European Union (EU) does not indicate a hierarchical setup across the main administrative institutions of the EU, rather within specific institutions such as the European Parliament. These institutions include, the European Parliament, the European Council, the Council, the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors.

The European Parliament limits the number of Parliament memberships to a total of 751, in which individual states are restricted to no more than 96 Members of the European Parliament (MEP). This institution is designed to be representative of EU's citizens thus, President of Parliament and Officers are elected among themselves. On the other hand, the Council of the EU is the entity representing member states' governments. Therefore, based on a rotating system, the Presidency is shared among member countries. Lastly, the European Commission is entrusted to represent the interest of the Union as a single entity. In practice, when a new law is set forth by the Commission, the Parliament alongside the Council are expected to adopt it. Once it has been adopted, the implementation phase falls under the responsibility of the Commission and member countries to ensure that the law is thoroughly applied and implemented.

Moving on, the following two institutions are of significant importance, namely the Court of Justice of the EU responsible for upholding the rule of European law and the latter, the Court of Auditors examining EU's financial activities. Following these five key institutions, are other specialized institutions and 'interinstitutional' bodies which include: the European Central Bank, European External Action Service (EESA), the European Economic and Social Committee, the European Committee of the Regions, the European Investment Bank, the European Ombudsman, the European Data Protection Supervisor, the Publications Office, the European Personnel Selection Office and the European School of Administration. Lastly, there are additional specialized agencies and decentralized bodies which deal with a variety of technical, scientific and managerial duties.

In terms of the decision-making, the EU follows a procedure known as 'Ordinary Legislative Procedure' in which the European Commission is the only entity that can initiate legislation, yet can only be approved jointly by the European Parliament and Council. However, before the proposal of a new policy, an Impact Assessment is conducted. This assessment is set to identify potential social, environmental and economic consequences, including disadvantages and advantages, of the proposed initiative. During this process, the Commission is also expected to consult outside parties such as non-governmental organizations, civil societies, and expertise. This is done to ensure that the proposed policy reflects the needs of those most affected or concerned by it. This strategy prevents excessive bureaucracy in public affairs. In order to facilitate and establish a channel of communication between the EU, businesses, organizations and citizens a website platform named 'Public Consultations' is operational. Following the drafting phase, comes the review and adoption phase in which both the European Parliament and the Council review the proposal initiated by the Commission and suggest amendments. A second reading phase is initiated if both entities cannot reach upon mutual amendments for the proposed policy, at which point both institutions can once more propose new amendments. If no agreement is reached, the Parliament has full power to wedge the proposed legislation. At which point a conciliation committee is opened to facilitate the negotiation process between the co-legislators in aim to reach an agreement. By the third and final reading, both the Parliament and Council can reject the legislative proposal.

Based on this structural comparison of the AU and EU, it becomes evident that the AU's structure demonstrates the tendency to operate within a centralized organizational manner compared to a more decentralized chain of command structure within the EU. Klibanoff & Poitevin (2013) explain that "under centralization, localities are vertically integrated with a benevolent central authority who effectively possesses all property rights. Under decentralization, localities are separated legal entities (endowed with property rights) who bargain to determine the project size." (p.1) Hence, within a centralized structure such as that of the AU, power of decision making and defining of agenda rests solely within the Assembly of the AU. The other entities constituting the AU are then entrusted to execute this agenda through policy implementations and monitoring operations, with limited to no power to challenge the mandate. Although, a certain level of hierarchy within the EU's entities can be found, at the surface, the structure of the EU guarantees distribution of power and a scheme of trade and bargain between entities before implementation of policies. Additionally, unlike the AU, the EU accommodates more representatives from member states which increases the chances for inclusive and representative participation of public interest. An important variable which the AU currently still seems to significantly lack.

Although there are benefits to centralization of power such as, a defined chain of command, reduced costs in office and administrative expenditures, and quick implementation of decision, there are still limitations to this system. Limitations which need to be addressed given the magnitude and dynamics of such a continental free trade agreement and the global agenda on Sustainable Development. For example, the need for good governance and full participation/inclusion in all levels of policy design, implementation and monitoring. Therefore, not only does Miller (2002) argue that centralized structures hinder development through anti-social behavior which subverts social order but that "meaningful decentralization of state power, manifested in the form of strong systems of local governance, is now recognized as key prerequisites for facilitating sustainable development and promoting good governance" (p. 2).

Therefore, if the ACFTA is expected to succeed, there is a need to consider whether the current structure of the institution can accommodate the large demand of member states (including the size of operation), different stakeholders and the global audience. Therein, by decentralizing, the AU can benefit by:

1. Devolution of power: will allow for the creation of autonomous entities which can articulate independently from a central authority, thus minimizing the possibility of a dominant group monopolizing all the decisions made. Additionally, if the power of decision-making is distributed among various specific entities, primarily, the workload is dispersed which helps meet deadlines due to less overload concentrated onto one entity. In addition, through labor division, policies are more likely to not only shed positive results but also, accurately address the needs of stakeholders due to specialized capabilities.
2. Effective control and supervision: in a centralized system, effective management and supervision is more challenging due to the dis-connectivity between decision-makers and execution committees. Therefore, through the establishment of autonomous entities, the proximity between

managers and workers is stronger thus managers are in a better position to detect flaws and correct them immediately before exacerbating. This connectivity also allows for better and wise action plans as managers are well aware of the dynamics of the entity, stakeholder's demands, and resources available to their specific sectors.

3. Social Inclusion and Transparency: decentralization facilitates public participation in governance which may lead to overall satisfaction. Accurately, social inclusion reduces alienation from the decision making process which in turn results in greater transparency between governments and civil societies. According to Miller (2002) through inclusion, civil society has "greater access, to and ability to influence, the policy/ decision making process" (p.8). Therefore, within the context of the AU and ACFTA, by adopting a decentralized structure, it would mean that there is more room to accommodate a bigger number of representatives, from different backgrounds, which can represent the public's interests, specifically that of the diverse groups found in African nations. Additionally, transparency can increase mobility of resources through accountability.
4. Social net product: As decentralization has the ability to accommodate public participation, there can be an increase in the social net product of individuals through the empowerment of freedom of speech and participation in matters that directly affect them. By active participation, citizens are encouraged to tailor the solutions for their own problems. In so, they can push for the agendas and establish mechanism by which partnerships can be created to meet their needs thus improving their conditions.

Notwithstanding, there are threats to a decentralized system which the AfCFTA will need to take into careful consideration and implement safeguards if it was to restructure its organization. These include: intra-regional inequalities, reallocation of resources, and governance complexity. Although inequality trends are already prevalent within the African continent, it is inevitable that deeper economic integration, such as in the form of the AfCFTA, will widen the gap between active and non-active member states. Therefore, the AU would need to either raise awareness of the degree to which individual active members stand to gain in comparison to others, or implement mechanism which can control the degree of increased inequality stemming from this agreement. For that, investments would need to be made towards research and development (R&D). Moving on, although decentralization can increase the participation of the public, unless proper systems are in place to assist, especially, the lower-tier civilians, reallocation of resources can favor those who have the capabilities of securing resources over those who face additional financial, constraints, for example. Hence, Miller (2002) highlights the importance of formulating safeguards in the process of decentralization to prevent single groups or small elites from high-jacking resources and power. A key factor which is imperative to governing the complexity of a decentralized system. In that, similarly to the structure of the EU, although entities are autonomous there is still a level of connectivity among the different institutions which prevents abuse of power and authority. This scheme can serve as a safeguard in preventing the upraise of small groups and elite figures in fully autonomous entities with influential powers.

On the other hand, another aspect to be considered under the AfCFTA, would be the introduction of an 'Optimal Currency Area (OCA)' also known as 'Optimal Currency Region (OCR)'. This theory was pioneered by Robert Mundell, an economist, under the assumption that a given geographical region or area stands to maximize on economic efficiency by the utilization of a single currency. Furthermore, Robert Mundell believed that a common currency would not only facilitate trade but also promote deeper integration of capital markets. For example, in the case of the Eurozone, apart from the above mentioned, the establishment of the European Monetary Union was also driven as a mechanism to bring peace to a region which had faced two World Wars. However, by joining a common currency, individual countries need to forgo the ability to directly intervene in fiscal and monetary policy in attempts to stabilize their economies.

Notwithstanding, there are benefits which can to be considered when planning to adopt an optimal currency. Given the ambitious size of this free trade agreement, AfCFTA, the formation of a common currency has the potential of eliminating any uncertainties that often times result from continuously changing or flexible exchange rates. Thus, intra-continental trade would no longer be constrained by additional costs on exchange rates, especially when considering that trade in Africa is highly dependent on the American dollar, a foreign currency. Accordingly, an OCA stands to encourage specialization in production, increase trade flow and investments among member countries which would simultaneously improve the prevalent problem of low inter-continental trade. Additionally, by adapting an optimal currency, countries in West and Central Africa, would no longer need to use the CFA Franc currency which is pegged to the euro. However, in light of the controversy regarding the benefits and costs of the CFA Franc zone, extensive research, regarding the CFA Franc and OCA in the continent, would need to be conducted to assess and determine its feasibility and cost-benefits. By achieving deeper economic integration through an optimal currency, the entire region can be treated as a large single market, in turn, increasing the region's global competitiveness. Other advantages of adapting an optimal currency region includes accruing benefits from economies of scale, stability in prices and reduced costs from government intervention in foreign exchange markets.

However, Mongelli (2002) constructed a comprehensive outline of prerequisites for a potential adaption of an integrated monetary system (pp. 8–10):

1. Flexibility in Price & Wage between countries to sustain the transition with minimal shocks to the country's economy.
2. Mobility factors for production including labor by which returns to investments generated in one country can be consumed in other.
3. Integration of the financial market by which exchange rate adjustments and interest rates can be reduced, alleviating external financial imbalances whilst promoting methodical resource allocation.
4. Economic openness, by which the degree will either demonstrate direct or indirect impact on domestic prices based on fluctuation in international prices.
5. Production and consumption diversification reduce the impact of shocks in any given sector.

6. Similarities or low inflation rates promote fairly stable terms of trade between countries resulting in equilibrated current account transactions.
7. Fiscal integration facilitates funds redistribution to member countries alleviating shocks fostered by adjustments. However, fiscal integration requires deep political integration as well as willingness for risk sharing.
8. Political integration should embrace compliance to commitments, co-operation in various economic policies and institutional linkages.

2. Accelerating Economic Growth and Global Engagement

To-date, many African nation's structural composition is heavily reliant on the agricultural sector, low-productivity, with aspiration to transform economies into high-productivity manufacturing and modern servicing sectors. This transition will allow countries to diversify whilst enhancing their potential for global engagement leading to economic growth, if focused on industrialization.

Figure 1.(Bank of America Merrill Lynch, 2014)

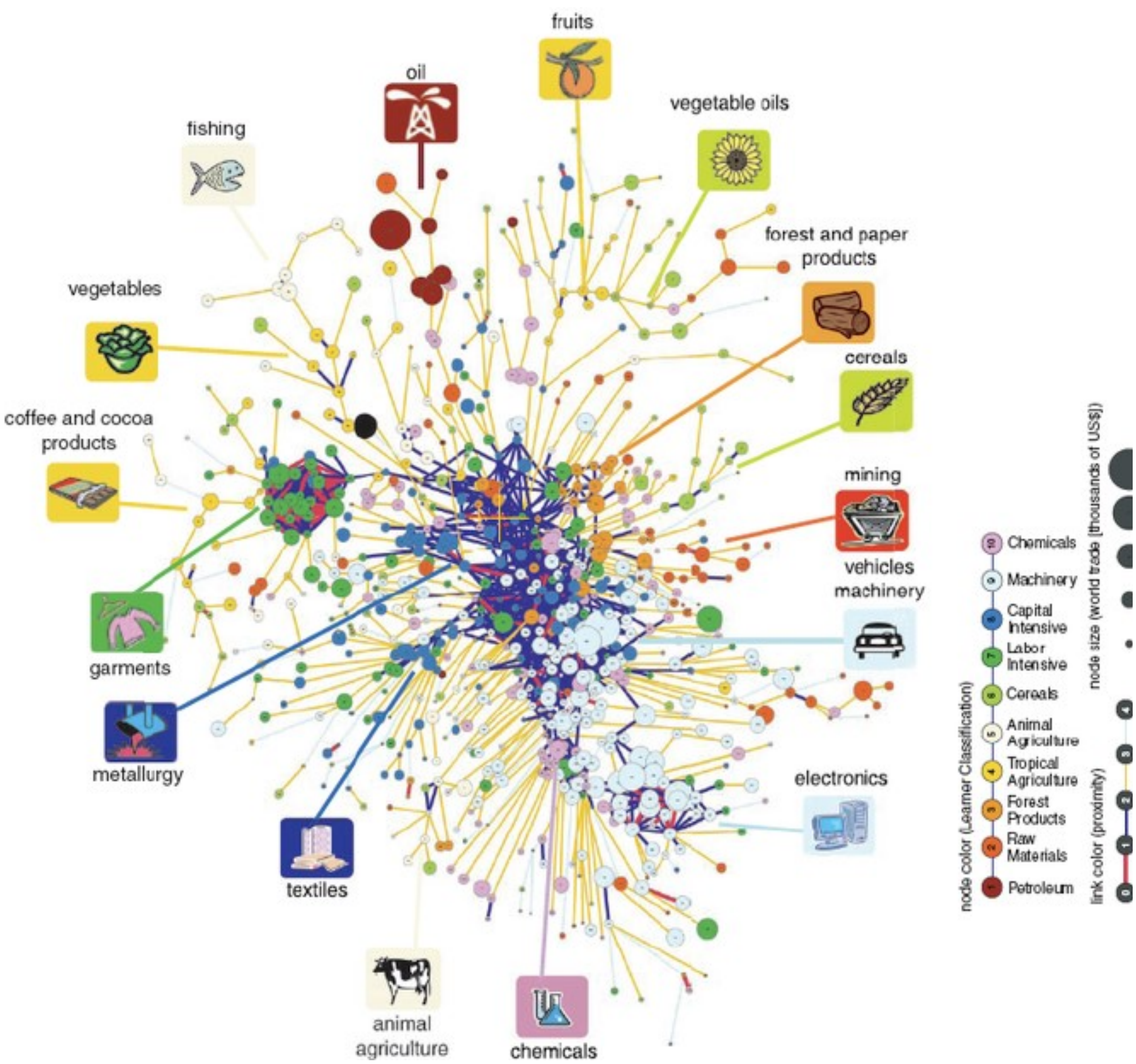
In theory 'The Product Space' concept identifies a region's structural productive development to indicate growth opportunities and diversification avenues for potential economic growth. According to Abdon & Felipe (2011) "to jumpstart and sustain growth, governments must implement policies and provide public inputs that will encourage the private sector to invest in new and more sophisticated activities" (p.1). In order to achieve this, the process of structural transformation cannot only be limited to the transition to more sophisticated or high-productive activities, but it also requires transferring resources to higher productive activities which nourishes fast and sustained growth.

On the outset, it is imperative to understand that The Product Space is a network which is designed to represent all of the global export products and their different corresponding patterns of development for economies. Inferring that development is not only associated with increased production of given goods but also through the accumulation of complex capabilities which sustain growth. Therefore, product space has been theorized under two notions; i) a country's ability to export a new commodity is dependent on its ability to export similar commodities; and ii) products which require similar capabilities have higher chances of being exported together.

Similarities between commodities relate to trade outcomes rather than physical compositions of products and their inputs. On the other hand, the capabilities referred to in this network encompasses factors such as, human or physical capital, legal systems, institutions, knowledge of markets, logistics, etc. Abdon & Jesus (2011) explain that, "what differentiates these capacities is that some of them can be easily redeployed into the production and export of many other products, that is, there are some goods that are "closer" to other goods. Likewise, there are many other products that are "far away" from other products"(p.7). In other words, stakeholders should be investing in the production of commodities which require capabilities which can easily be transferred to the production of other goods that require the same capabilities. In this case, for many African countries which rely on the extraction of natural resources like oil, the redeployment of these very specific capabilities, needed in oil extraction for example, cannot easily be redeployed in the production of other commodities. Resulting in a state of entrapment, unlike the capabilities needed in the production of electronics such as, mobile phones which are more easily transferable.

The product space network is highly heterogeneous in that, products such as petroleum, seafood, garments, raw materials, etc. constitute the peripheral products which are weakly connected to other products, meaning, these products require specific capabilities which are not easily redeployed as core products. The core commodities, which are closely connected, include; machinery, capital-intensive products, such as metal, and chemicals. Furthermore, there are other products which create a cluster, electronics and garments, in which specific clusters are closely linked together but not with the rest of the commodities of the product space. Not only does clustering enable agglomeration externalities it also promotes economies of scale and scope facilitating growth. Therefore, Abdon & Jesus (2011) argue that, "products in the periphery are generally less sophisticated and with a lower income elasticity of demand for exports than those in the core, implying that not all products have the same consequences for economic development". Hence, structural transformation will be easier for countries which are currently already producing commodities located in the dense core of the product space due to existing transferable capabilities for the production of other goods. In short, countries specializing in periphery products will struggle to undergo this vital transformation, which generally allows countries to produce and export larger quantities of more sophisticated and well-connected commodities.

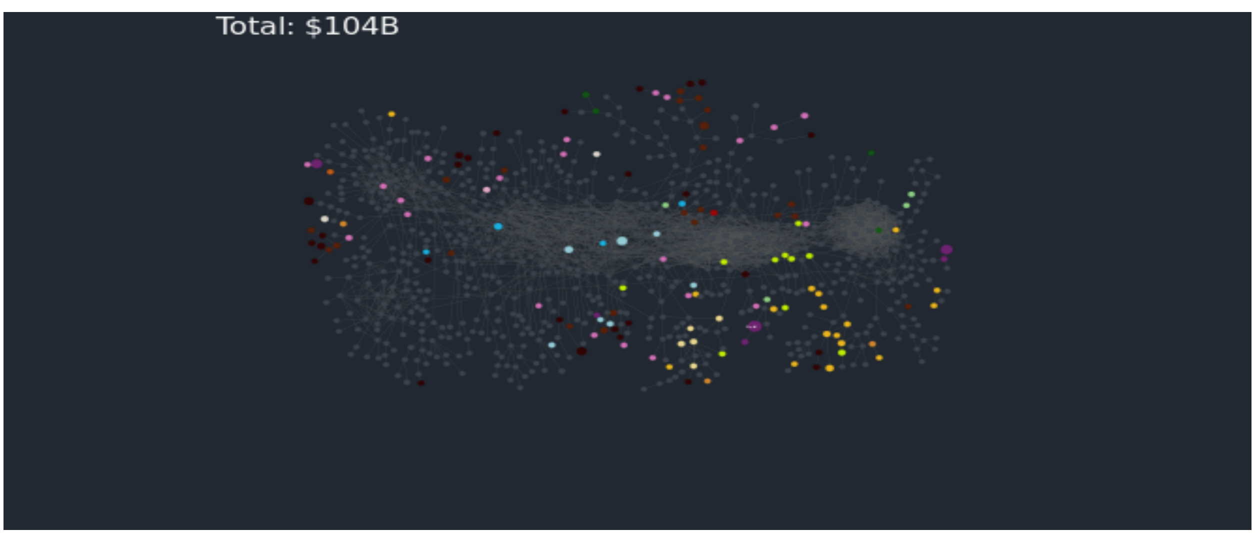
Figure 2. Illustration of 'The Product Space Network'.



By analyzing individual export structures of 49 countries in Africa —based on available data— constructed by Simoes & Hidalgo (2011) by utilizing the Economic Complexity Observatory: an Analytical Tool for Understanding the Dynamics of Economic Development, it becomes evidential that majority fall under the classification of low-product economies. These countries include: Algeria, Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Cote D'Ivoire (Ivory Coast), Democratic Republic of Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Republic of Congo, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

On the other hand, South Africa has made a significant transition into the production of new products allocated in the core sphere of the space product network. Becoming the main —to a great extent— economy contributing to diversification within the continent. Unfortunately, for other economies this needed transformation will not come easily.

Figure 3. Illustrates South Africa's exports of 2016. AJG Simoes, CA Hidalgo (2011)



According to Simoes & Hidalgo (2011), as the 34th largest export economy, in 2016 South African exports consisted of the following product groups with the respective export percentages: animal and vegetable bi-products, animal hides, animal products, arts and antiques, chemical products(4.4%), foodstuffs (2.6%), footwear and headwear, instruments, machines (5.7%), metals (10%), mineral products (16%), miscellaneous, paper goods, plastics and rubbers, precious metals (39%), stone and glass, textiles, transportation (10%), vegetable products(4.3%), weapons and wood products. Further supporting the low levels of intra-continental trade, South Africa's top export destinations are as following : China ($18.6B), United Kingdom ($10B), United States ($7.5B), Germany ($6.94B), and India ($6.09B). Contrary, their top import origins are China ($13.9B), Germany ($6.94B), the United States ($5.1B), India ($3.46B and Saudi Arabia ($2.89B). A trend which is occurrent in many other African nations.

Furthermore, given the continent's geographical composition, scholars such as Abdon, et al. (2011) have identified three territorial classifications describing African states, namely; landlock, coastal and natural resource intensive countries. These classifications inevitably have differing implications when addressing sustainable socio-economic development avenues —which should be considered and addressed under the AfCFTA. Landlock countries include, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Next are the coastal countries, namely: Algeria, Angola, Benin, Cameroon, Cape Verde, Comoros, Djibouti, Egypt, Eritrea, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Libya, Liberia, Nigeria, Madagascar, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Republic of the Congo, Sao Tome and Principe, Senegal, Seychelles, Sierra-Leone, Somalia, South Africa, Sudan, Tanzania, The Gambia Togo and Tunisia. Sub-Saharan African countries are known and often classified as natural resource intensive countries. Subsequently, Abdon, et al. (2011) compiled a time-series product space network to analyze and compare the level of diversification, over years, in this region based on this classification, which is illustrated below.

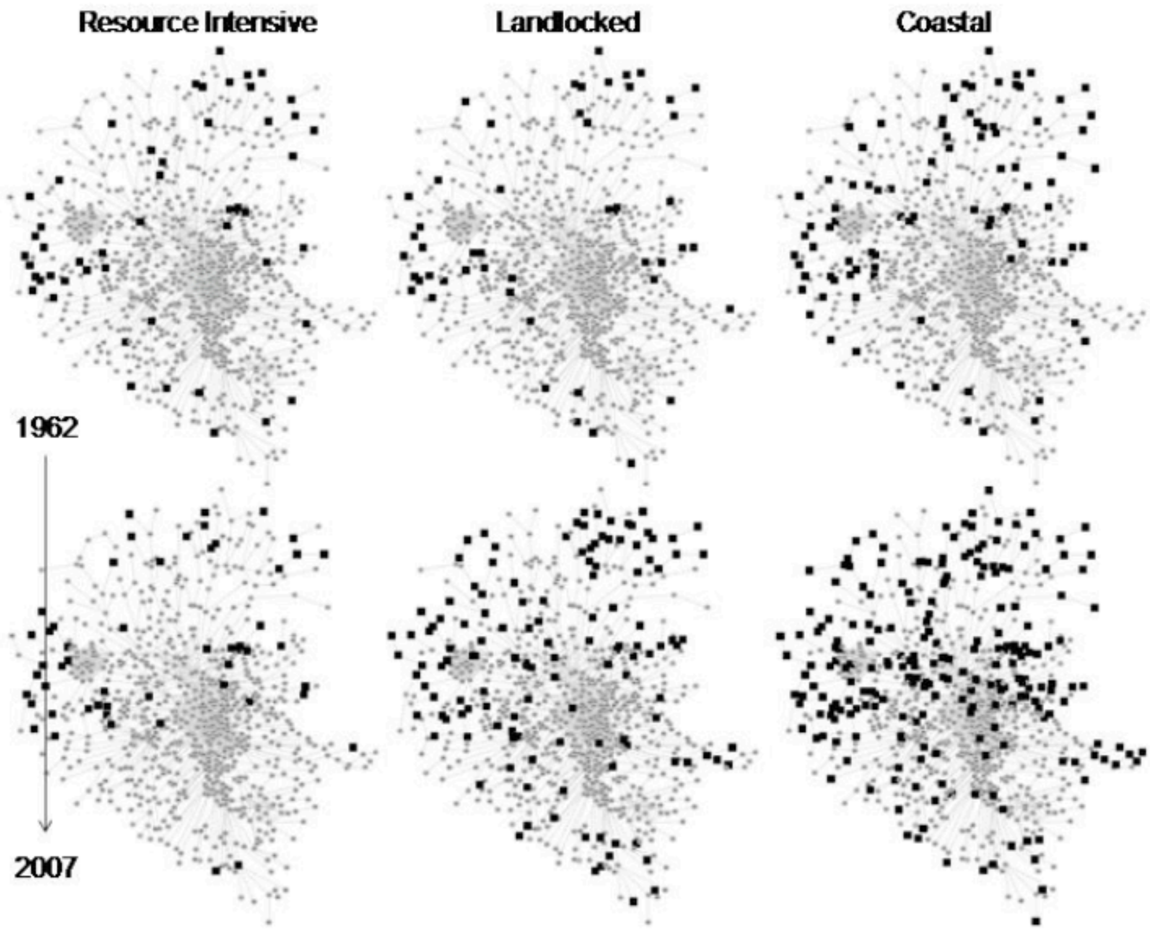


Figure 4a. Time-series visualization of product space network. Source: Abdon, et al. (2011).

Interestly, once South Africa is removed from the equation, the product space network bears greater similarities to that of coastal countries' economical structure. Indicating that, not only is South Africa's economic transformation remarkably more advanced compared to that of other countries —which share similar geographical characteristics—, but also significant enough to influence the product space network's composition of coastal countries.

Figure 4b. SSA Costal Production Space Network excluding South Africa. Source: Abdon, et al. (2011).

Furthermore, by analyzing the export structure over 45 years, it is evidential that natural resource intensive states did not undergo much transformation in terms of diversification and economic structure. Up until 2007, they mainly exported periphery goods with little effect on economic growth. However, according to Abdon, et al. (2011) “landlocked countries have managed to jump into new products in the periphery, but have not successfully exported (except for a few) well products in the core” (p.11). Whereas, on the whole, coastal countries, have not only gained revealed comparative advantage over non-peripheral products such as, garment sectors but also began to successfully diversify into some core products. However, South Africa’s economy is greatly responsible for that, as previously highlighted.

From this, it can be implied that probably, with the exception of South Africa, due to the similarities of export products between nations, economic development through intra-regional trade is rather slow given the low incentive to trade among countries producing same goods. In return competition spikes between these countries in acquiring foreign trade partners willing to purchase their goods in the absence of their own ability to produce the given goods. From this, it can be further inferred that, among other factors such as infrastructure, the reason for low intra-continental trade is linked to poor diversification and comparative advantage between African nations leading to low incentives for trade. Hence, if African countries continue to produce the same commodities, within the AfCFTA, the abundance in supply will only continue to decrease intra-continental trade incentives whilst increasing global trade participation through less-sophisticated goods. As a result, the AfCFTA will probably not succeeded in accelerating sustainable economic growth for the continent.

Therein, one strategy to consider in order to promote economic diversification would be through the acceleration of structural transformation in urbanization. According to United Nations Economic Commission for Africa (UNECA) (2017) report, African countries should aim to capitalize, from the middle class and urban consumption increase and demand for manufactured and processed commodities, by strengthening regional geographical advantages by its engagement in the Continental Free Trade Area. In other words, individual countries should consider tailoring strategies based on spatial needs of targeted industries. The UNECA (2017) report, further underscores the importance on promoting geographical comparative advantage by supporting complementarity functions. In this case, through the AfCFTA, participating countries should look to diversify through comparative advantage, capitalizing on spatial considerations, and trade in a form of complementarity. Supporting this notion Arbache, et al. (2008) and Felipe, et al. (2010) devised an endowment-location and trap classification in order to propose policy strategies for some African countries on how to escape these entrapment and diversify for economic growth.

	Natural-resource intensive	Non-resource intensive, landlocked	Non-resource intensive, coastal
Low-product trap	Angola Cameroon Chad Congo Gabon Equatorial Guinea Guinea Nigeria Sudan Zambia	Burkina Faso Central African Republic DR of Congo Ethiopia Malawi Mali Rwanda Uganda	Benin Cote d'Ivoire Djibouti Ghana Kenya Madagascar Mauritania Mauritius Mozambique Togo Tanzania
Mid-product trap		Burundi Niger	Gambia Guinea-Bissau Liberia Senegal South Africa

Figure 5. Arbache, et al. (2008) Endowment-Location Classification and Felipe, et al. (2010) Product Trap Classification

Theorized from these classifications, Felipe, et al. (2010) suggest that in order for low-product trap characterized countries to escape this entrapment, accumulation of new capabilities will be just as essential as a higher determination to diversify. This will require embracing the industrial vision for increase sophistication for goods and organizational capacity. To put it differently, investments need to be made towards acquiring knowledge, human capital skills and technology. Whereas, Mid-product trap countries need to concentrate on expanding the quota of commodities exported with revealed comparative advantage (RCA) in the product space's core.

VI. Free trade promotes Peace Hypothesis

At present, it is almost impossible to address deeper economic integration, or even trade liberalization, in Africa without addressing intracontinental conflict. In fact, skeptics hypothesize that the AfCFTA cannot succeed due to internal conflicts at the national and intracontinental level. Indeed, authors such as Otobo (2018) explains that although conflict in the African region, for the last two decades, has declined intra-African trade will continue to struggle due to conflict in the region. Accordingly, Otobo (2018) further elaborates on how afflicted economy's limited productive capacities not only constrains export channels but also devalues the benefits retrieved from natural resources because of prevailing conflict.

As indicated, over the past decades, attempts have been made to tackle this pressing concern that overshadows the African continent. Concretely, one of the drivers behind the establishment of the AU has been to accelerate the process of continental integration by promoting peace, security and stability in the continent; explicitly referenced under AU's main objectives. In addition, in 1993 the AU encouraged the movement on 'The Mechanism for Conflict Prevention, Management and Resolution'. An initiative encouraged by African leaders to attain its objective on continental peace, security and stability. However, authors such as, Aning (2008) argue that promising achievements which yield significant positive outcomes in peacekeeping movements within Africa have generally resulted from joint ventures between the AU and the UN. In support of this statement, Kobbie (2009) states that based on empirical evidence collected from the AU's Peacekeeping Operations (POKs) in Sudan and Burundi, it becomes apparent that due to political, conceptual aspects and institutional constraints, the AU's effectiveness and readiness to tackle intracontinental conflict is compromised. In spite of these constraints and given the prevalent violent armed conflict in Africa, Kobbie (2009) makes an appealing argument recognizing that, contributions towards peacekeeping in Africa cannot nor will it diminish within the coming years. Furthermore, Kobbie (2009) also attributes significant credit to Africa's evolving strategic security environment as a root cause of the complexity attached to attaining peace within the continent.

However, before trying to analyze how the AfCFTA agreement can promote intracontinental peace, it is crucial to try and pin some of the root causes of conflict in Africa. This analysis can help gain a better understanding of the dilemma in light of the three categories of constraint in promoting economic integration and growth as presented by Tuluy (2016) namely, Hard infrastructure, Soft infrastructure and Historical Regional Integration. According to Blanton, Mason, & Athow (2001) conflict, precisely in the form of ethnic conflict, were sown in post-colonial Africa as a direct result of the colonial occupation. Accurately, Blanton et al. (2001) state that "those boundaries were drawn with little or no consideration to the actual distribution of indigenous ethno-cultural groups" (p.473). In this case, the boundaries refer to the territorial boundaries imposed by European powers. More recently, research by Kobbie (2009) indicates that contemporary conflict in Africa not only is stirred by national actors but also by international influences consisting of "state and non-state actors, insurgents, terrorists, various belligerents and warlords, illegal arms merchants, criminal drug cartels, and transitional criminals" (p3.). Although the origin of conflict in Africa cannot be connected solely to one source, the causes are intertwined and interrelated within a complex nexus which is vulnerable to an environment in which failed states or transitioning African states are emerging from civil wars.

The costs to consider when deciding between war and peace are mainly oriented towards hard and soft infrastructures. For the majority of the African nations whose infrastructures were already once destroyed during the struggle for independence and post-colonial civil wars, engaging in new wars, presently, would notably reverse their development progress, by significantly destroying its new hard infrastructure, whilst paralyzing its soft infrastructure. Resulting in compromised inner and outer country connectivity with severe ramifications on the flow of goods distribution, especially elementary goods, leading to potential disruption and socio-economic instability. On the other hand, a state of war also results in a spillover effect by which soft infrastructures transition into a state of turmoil and uncertainties. Cited in Department for International Development (DFID) (2001) report, "The World Bank estimates that conflict in Africa is causing a loss of 2% annual economic growth across the continent" (p.11). Subsequently this has resulted in opportunity lost for the population due to either high military expenses or state's incapacity to invest in human capital. Furthermore, in light of continuous conflict, potential for external investments is undermined due to the high risks involved.

Figure 4. Cited and Retrieved from (Ncube, Jones, & Bicaba, 2014)

	Not fragile		Fragile states		**Mean difference test**
	Mean	Standard deviation	Mean	Standard deviation	
Real GDP per Capita	1104.97	41.27	328.77	9.95	776.20***
Under-5 Mortality Rate (per 1,000 Live Births)	123.00	59.71	170.57	59.04	-47.57***
Regime Durability	39.54	13.34	13.18	19.48	0.35
Voice and Accountability	-0.522	0.674	-0.992	0.601	0.47***
Gini Index	44.34	7.77	44.64	8.84	-0.30
GDP per capita growth	1.11	5.11	-0.423	9.48	1.53***
Saving (%GDP)	16.51	12.94	8.19	7.72	8.32***
Investment (%GDP)	21.67	10.37	17.37	9.79	4.30***

Source: World Bank, World Development Indicators (2013). * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Based on M.Ncube, B. Jones and Z.Bicaba (2014) study, a state on fragility indicated the exposure of a given country to conflict and its respective consequence. Therein, findings suggest significant differences in GDP performance between non-fragile and fragile countries during the period of 1980-2010. M.Ncube et al. (2014) highlight that during the sample period, growth in GDP for fragile states registered at negative 0.4% compared to an approximate tripled growth rate at 1.1% for non-fragile states. In terms of regime durability, under 5 mortality rates for non-fragile states were lower whereas, fragile states reflected almost a third lower to non-fragile states. Although the Gini coefficient was not statistically significant over the sample period, it is apparent that conflict not only affects economic growth but also infrastructures which consequently retards development.

Although extensive research focusing on free trade and peace promotion is available, there are limited comprehensive studies which incorporate all the above-mentioned variables, which kindles conflict in Africa, in testing the hypothesis on whether or not peace can be attained through free trade. However, exhaustive research and theories have yielded a positive correlation to believe that perhaps the formation of the AfCFTA will contribute positively towards peacekeeping in Africa in spite of the current obstacles.

According to Mcdonald (2004) peace is attainable through trade due to the establishment of lines of communication between states and transnational ties which foster solidarity and cooperation. In turn, these ties reduce the chances and incentives for conflict among both parties. In line with the theory on 'Economic Interdependence Theory' Mcdonald (2004) underlines that "interdependence makes conflict less likely because of its efficiency over conquest in acquiring resources necessary for growth and prosperity" (p.547). More comprehensively, the Economic Interdependence Theory evaluates more of a cost-benefit approach in determining the inducement to engage in war over the economic benefits a nation stands to gain. However, when referencing the Economic Interdependence Theory, it is crucial to understand that there are two views, Liberal and Realist, to this debate.

From a liberal perspective, higher economic interdependency discourages potential conflict through integrated political relationships. The tradeoff highlights how both economies stand to lose significantly from their economic ties if conflict were to develop among them. Thus, the incentive is to forgo any possibility of conflict given the benefits. The European Union can be considered a prime example in which economic interdependence prevailed, fostering peace, among countries with a long history of devastating conflict and war. Arguably, the decision to adapt an optimal currency might have also contributed to the considerable success of the EU. In support of Mcdonald's (2004) claim, Van de Haar (2010) asserts that economic relations fostered between nations through the opened channels of communication and interdependence further promotes a degree of mutual understanding and cooperative political relations which makes war obsolete. Van de Haar (2010) however does make references to democracies having a better chance at developing common national interests whilst encouraging the creation of peace zones. "It is alleged that states with liberal political and economic institutions do not wage war on each other, although they will fight non-democracies" (p132).

In conclusion, Anderton & Carter (2001) state that, the hypothesis that trade promotes peace is based on three premises "(1) societies achieve salient economic gains from their trading relationship; (2) serious conflict among societies disrupts trade; and (3) premises 1 and 2 enter the calculus of political decision making. If any of the three premises does not hold, the liberal linkage between trade and peace is broken" (p.445). Based on a Time-Series Model applied in Anderton & Carter (2001) study, findings show that there is a 10% real growth rate in trade during peacetime, or prewar, and 7% rate after war compared to only a 3% registered growth rate in time of war. Anderton & Carter (2001) provide further evidence on how trade relations dropped significantly during war in both cases of France and Germany (1870-1871) and China and the United States of America. Only in the case of United Kingdom and China did data not yield similar results.

Research conducted by Hadjiyiannis, Heracleous, & Tabakis (2016) yield similar results supporting the notion of a positive correlation between trade and peace attainment. Precisely, "regionalism increases peacetime welfare due to free trade between members and the improved terms of trade between members and non-members" (p.31). If we conceptualize these findings to the formation of the AfCFTA, it is inferable that this trade agreement stands to provide greater incentives through attainable benefits for member states to defer from engaging in conflict. However, as underscored by Hadjiyiannis et al. (2016) it is imperative to consider that the same incentives motivating the participation of member states, can subsequently motivate non-member states to initiate war because their loss is greater than prior to the establishment of the continental free trade agreement. Nonetheless, from an analytical stand point, it can be argued that non-member states incentive to choose war is a direct result of less trade participation due to their absence in the agreement. Which promotes greater benefits for trade among members thus reducing trade incentive between one-member state and one non-member state. On the other hand, there is the possibility that non-member states can choose to join the AfCFTA agreement at a later stage based on the observed gains of member states. In so, these states would be choosing to forgo war based on a cost-benefit rationalization. Therefore, we can arrive to the initial hypothesis that trade promotes peace.

Therein, perhaps rather than trying to question which policies the AU needs to consider under the AfCFTA agreement to bring about peace, we should consider this hypothesis as a solution to the problem.

VII. Recommendations

Government's Primary Role through the AfCFTA

The role of government within the AfCFTA agreement should essentially be threefold. Undertaking the three obstacles which currently hinder socioeconomic development in the African continent, namely: Hard Infrastructure, Soft Infrastructure and Historical Regional Integration.

Hard Infrastructure

At the national level:

i Governments should highly consider making greater investments towards developing roads, bridges, highways, railways and airspace infrastructure in order to promote multiple channels of transportation and routes for trade purposes nationally, continentally and globally. By improving the hard infrastructure systems, transportation costs can be reduced thus incentivizing higher intra-continental trade.

ii Effective decentralization is needed for better reallocation of resources. This will facilitate the synchronization of rural and urban development in such a way that connectivity is attained thus reflecting economic growth and intra-continental trade. According to the United Nations Human Settlements Programme (UN-Habitat) (2016) report, "in many developing countries, decentralization has not involved adequate financial resources passing down to lower tiers of government. Consequently, municipal finance is not keeping pace with the demand for infrastructure and services" (p.2).

iii Rather than solely focusing on industrialization itself, government should consider building its infrastructure in close relation to urbanization. In so, government can encourage further public-private partnerships by establishing soft infrastructures that accommodate public-private partnerships, which is limited in a number of African nations.

At the AU & AfCFTA level:

i As individual states make efforts to increase internal connectivity, consensus needs to be achieved in designing transportation routes that connect across boarder lines to increase intra-continental trade. Thus, member states should consider reallocating a portion of national infrastructure budgets towards inter-border connectivity. This could also be attained by offering national construction companies a common incentive to invest in the development of inter-border infrastructure projects.

Soft Infrastructure

At the national level:

i Industrialization should become a high priority for individual states. According to the Economic Commision for Africa (2013) report, " industrialization helps countries to achieve a high growth rate, diversify their economies and reduce exposure to external global shocks" (p.2). Supporting this statement is the development process experienced by some nations in Asia, Latin America and Eastern Europe which through expansion of manufactured exports experienced rapid growth.

ii Adequate safeguards need to be adopted to prevent any damages and threats that come from industrialization and economic productivity. These threats include congestion, segregation, pollution and other unwanted/ unintended consequences.

iii Greater investments need to be redirected to Research and Development (R&D) at a national level as well as at the continental level. Empirical research can prove to be extremely beneficial for the continent in terms of exploring further economic growth avenues along with sustainable development. By engaging in a continental trade agreement of such magnitude, research development will inevitably be vital in managing national interests and global trade competitiveness. Currently, the majority of African nations spend less than the intended threshold of 1% in R&D. Based on an illustration composed by UNESCO (2013), not only does Sub-Saharan Africa rank as the second lowest region in R&D but spending on the field has remained relatively stagnant over the course of 17 years (1996-2013).

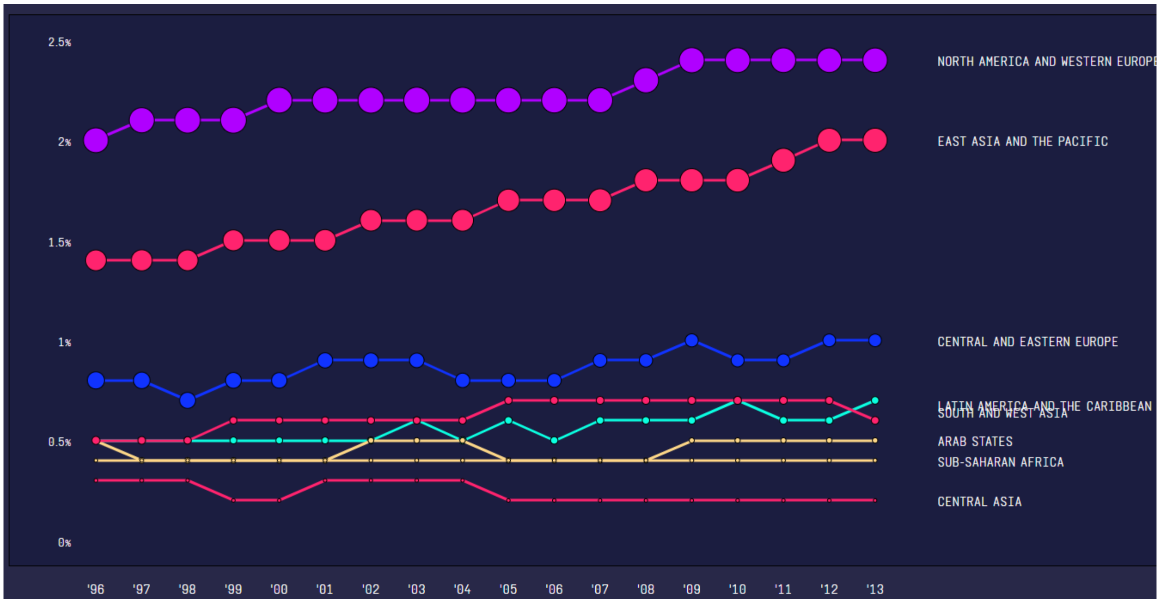


Figure 4. Retrieved from (UNESCO, 2013).

At the AU & AfCFTA level:

i As stated explicitly the UN-Habitat (2016) report, “good quality laws promote inclusion of vulnerable groups, contributing to poverty alleviation and promote social cohesion” (p.25). Promoting inclusion and social cohesion should be one of the main agendas governments need to push for within the AU, under the AfCFTA, and at the national level. Inclusion and social cohesion through proper laws and regulations not only further help strengthen social ties and cooperation and deter war inclinations, but also guarantees social stability based on mutual gains received by a great major of stakeholders.

ii Government should prioritize and encourage the effective and objective functionalities of key entities within the AU, such as the Parliament, if they wish to obtain positive outcomes as well as gains from this AfCFTA agreement. Thus, “legal frameworks are essential to mediate any contests that arise from competing powers” (UN-Habitat 2016, p.25).

Historical Regional Integration

At the national level:

i West and Central African countries which utilize the CFA Franc, should consider evaluating the terms of their agreement. This should allow the countries to assess their continuity whilst considering adapting a new currency that allows them to break-off their dependency ties and focus on a currency that stands to gain more from the AfCFTA agreement in the long-run.

ii Governments should invest in increasing awareness of the continent's history, development and cultural/ethnic diversity in attempts to promote greater understanding and solidarity among nations. By acknowledging and accepting the continents diversity, nations, as well as its people, can begin to engage in common goals-setting.

At the AU & AfCFTA level:

i As a mechanism to disrupt the dependency on former colonial powers and encourage growth, would be to consider adopting the import substitution industrialization model as a form to protect domestic companies from foreign competitors. This would be ideal especially in improving hard infrastructure by allowing African construction companies to jointly invest and work in projects oriented towards increasing connectivity across borders. According to the report presented by Economic Commision for Africa (2013) many countries in the 1960s and 1970s also used this mechanism "to facilitate the transformation of the economic structure into modern industrial economies" (p.2).

ii According to the Economic Commision for Africa (2013) report, Africa's Export Concentration Index increased significantly, comparing to other developing regions, from 0.24 in 1995 to 0.43 by 2011. Hence, efforts need to be made toward reducing the dependency on periphery -based commodities exports by encouraging diversification, in return reducing the volatility on economic growth and export earnings. According to United Nations Development Programme (2011) "the more diversified and unrelated a country's exports, the less volatile its earnings will be" (p.29)".

iii As stressed previously, one of the major roots for conflict in Africa relates to the way colonial powers determined territories with little to no consideration to indigenous ties and settlements.

Therefore, apart from promoting intra-continental trade, considerable attention should be directed towards addressing the active participation as well as inclusion of indigenous peoples in terms of empowering them to engage in trade, mobility and opportunities brought by the AfCFTA agreement.

VIII. Conclusion & Future Research

This paper has sought to examine the feasibility of integrating the 44 African nations, which so far have agreed to sign for the establishment of the African Continental Free Trade Area, into one continental free trade. Hence, this paper has addressed the structure of the African Union in regards to its efficiency in accommodating a trade agreement of this magnitude. On the basis of this initiative, this paper also focused on identifying key strategies that can assist in boosting and enhancing the continent's intra and global trade participation thereby leading to potential economic growth. In order to do so, this paper built on the three, main hindrances of economic growth for the continent, proposed by Tuluy (2016) namely; hard infrastructure, soft infrastructure and historical regional integration.

The findings of this paper suggest an urgent need to consider a structural transformation of the AU towards a more decentralized operating structure compared to the present one. Through decentralization the AU stands to improve its functionality through devolution of power, workload (which has led to delays in meeting deadlines) and guaranteeing social inclusion and transparency as a form of increasing public participation in decision-making. Additionally, findings suggest that the establishment of an optimal currency area could further aid in the process of deeper economic integration for the continent whilst addressing the problem of high exchange rates associated in trade. Especially when taking into account that currently there are more than 44 currencies in circulation within Africa. Thus, trade has generally been conducted through the utilization of foreign currencies such as the US Dollar.

Apart from a structural transformation, the findings of this paper cast further light on the current economic structures found in Africa and how the slow economic process of these nations can be attributed to the limited diversification into core products of economic growth. More precisely, findings suggest that unless African nations invest significantly in industrialization and begin to export products with transferrable capacities, economic growth will continue to be slow. Subsequently, the export concentration index will continue to register high figures due to the dependency on primary good exports with low returns to scale.

Lastly, based on the continent's long history of conflict, it has been imperative to understand how the AfCFTA can be interpreted through the hypothesis that trade promotes peace. Hence, this paper has drawn attention to the root causes of conflict in Africa and some of the attempts, so far in ameliorating dispute resolutions. Undeniably, the findings underscore colonialism as a key trigger of conflict. Therein, by capitalizing on world experiences, such as that of the European Union, and current debates on how trade promotes peace, this paper argues that the formation of the AfCFTA, might potentially become an instrument for peace resolution by increasing economic dependency among member-states whilst reducing the incentives for nations to choose war. This hypothesis rests on several assumptions including a cost-benefits approach in deciding whether or not to engage war.

Nevertheless, the dataset of this paper was limited to a more qualitative approach in absence of the actual feasibility study conducted by the AU. Therefore, future research might consider investigating the feasibility of the AfCFTA in a more quantitatively oriented method by either building onto or highlighting other avenues not considered in this study.

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